

Financial Statements of

**PACIFIC INSTITUTE FOR SPORT  
EXCELLENCE SOCIETY**

And Independent Auditor's Report thereon

Year ended March 31, 2023



KPMG LLP  
St. Andrew's Square II  
800-730 View Street  
Victoria BC V8W 3Y7  
Canada  
Telephone (250) 480-3500  
Fax (250) 480-3539

## INDEPENDENT AUDITOR'S REPORT

*To the Members of Pacific Institute for Sport Excellence Society*

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of the Pacific Institute for Sport Excellence Society (the Entity), which comprise:

- the statement of financial position as at March 31, 2023
- the statement of operations and changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at March 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

#### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “**Auditor’s Responsibilities for the Audit of the Financial Statements**” section of our auditor’s report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Report on Other Legal and Regulatory Requirements**

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting financial statements in accordance with Canadian accounting standards for not for profit organizations have been applied on a basis consistent with that of the preceding year.

*KPMG LLP*

Chartered Professional Accountants

Victoria, Canada  
September 21, 2023

# PACIFIC INSTITUTE FOR SPORT EXCELLENCE SOCIETY

## Statement of Financial Position

March 31, 2023, with comparative information for 2022

	Operating Fund	Capital Fund	2023 Total	2022 Total
<b>Assets</b>				
Current assets:				
Cash	\$ 557,365	\$ -	\$ 557,365	\$ 634,742
Accounts receivable	150,701	-	150,701	142,092
Inventories	985	-	985	11,168
Prepaid expenses and deposits	20,846	-	20,846	8,332
	729,897	-	729,897	796,334
Capital assets (note 2)	-	22,042,899	22,042,899	22,453,449
	\$ 729,897	\$ 22,042,899	\$ 22,772,796	\$ 23,249,783

## Liabilities and Fund Balances

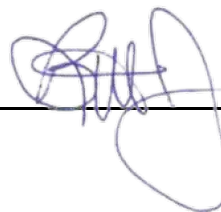
Current liabilities:				
Accounts payable and accrued liabilities (note 4)	\$ 188,425	\$ -	\$ 188,425	\$ 158,768
Deferred contributions (note 5)	157,962	-	157,962	133,801
Deferred revenue	303,726	-	303,726	266,704
Loan payable (note 6)	30,000	-	30,000	30,000
Obligation under capital leases - current portion	-	-	-	1,670
	680,113	-	680,113	590,943
Deferred capital contributions (note 9)	-	21,756,816	21,756,816	22,367,891
Fund balances:				
Unrestricted	49,784	286,083	335,867	290,949
Related organization (note 10)				
	\$ 729,897	\$ 22,042,899	\$ 22,772,796	\$ 23,249,783

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

# PACIFIC INSTITUTE FOR SPORT EXCELLENCE SOCIETY

## Statement of Operations and Retained Earnings

Year ended March 31, 2023, with comparative information for 2022

	Operating Fund	Capital Fund	2023 Total	2022 Total
<b>Revenue:</b>				
Lease revenue (note 10)	\$ 1,113,936	\$ -	\$ 1,113,936	\$ 1,070,199
Membership and program fees	890,451	-	890,451	707,850
Amortization of deferred capital contributions	-	651,075	651,075	637,445
Grant revenue (note 7)	355,429	-	355,429	309,255
Rental revenue	211,627	-	211,627	144,481
Sponsorships (note 8)	92,245	-	92,245	11,847
Other revenue	17,833	-	17,833	44,061
Canada Emergency Wage Subsidy	-	-	-	95,767
Donation revenue	147,964	-	147,964	144,706
	<b>2,829,485</b>	<b>651,075</b>	<b>3,480,560</b>	<b>3,165,611</b>
<b>Expenses:</b>				
Wages and benefits	1,680,532	-	1,680,532	1,606,384
Amortization	-	683,724	683,724	647,627
Facility operation costs	575,372	-	575,372	537,945
Fundraising expenses	161,751	-	161,751	135,662
General and administrative	177,526	-	177,526	120,223
Marketing	85,686	-	85,686	19,115
Program miscellaneous	45,371	-	45,371	79,940
Professional fees	25,680	-	25,680	18,536
	<b>2,751,918</b>	<b>683,724</b>	<b>3,435,642</b>	<b>3,165,432</b>
Excess (deficiency) of revenues over expenditures	77,567	(32,649)	44,918	179
Fund balances, beginning of year	15,085	275,864	290,949	290,770
Transfers related to debt and capital asset purchases	(42,868)	42,868	-	-
Fund balances, end of year	\$ 49,784	\$ 286,083	\$ 335,867	\$ 290,949

See accompanying notes to financial statements.

# PACIFIC INSTITUTE FOR SPORT EXCELLENCE SOCIETY

## Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operations:		
Excess of revenue over expenditures	\$ 44,918	\$ 179
Items not involving cash:		
Amortization of deferred capital contribution	(651,075)	(637,445)
Amortization of capital assets	683,724	647,627
Loss on disposal of capital assets	14,834	-
	92,401	10,361
Changes in non-cash operating working capital:		
Decrease (increase) in accounts receivable	(8,609)	92,138
Decrease in inventories	10,183	3,413
Decrease (increase) in prepaid expenses and deposits	(12,514)	1,047
Increase (decrease) in accounts payable and accrued liabilities	29,657	(59,470)
Increase (decrease) in deferred contributions	24,161	(36,341)
Increase in deferred revenue	37,022	100,443
	172,301	111,591
Financing:		
Decrease in obligations under capital lease	(1,670)	(4,519)
Deferred capital contributions received	40,000	5,000
	38,330	481
Investments:		
Proceeds from disposal of capital assets	2,000	-
Purchases of capital assets	(290,008)	(968,296)
	(288,008)	(968,296)
Decrease in cash	(77,377)	(856,224)
Cash, beginning of year	634,742	1,490,966
Cash, end of year	\$ 557,365	\$ 634,742

See accompanying notes to financial statements.

# PACIFIC INSTITUTE FOR SPORT EXCELLENCE SOCIETY

Notes to Financial Statements

Year ended March 31, 2023

---

Pacific Institute for Sport Excellence Society (the "Society" or the "Institute") was incorporated on April 10, 2006. The Society is registered under the Societies Act (British Columbia). On April 1, 2017, the Society obtained registration as a charitable organization with Canada Revenue Agency. The Society has three founding members: Camosun College (the "College"), Canadian Sport Institute ("CSI"), and PacificSport Victoria ("PSV"). The Institute commenced active operations in August 2008.

## 1. Significant accounting policies:

The financial statements of the Society have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

### (a) Fund accounting:

Revenues, donations and expenses related to facility rental, program delivery and administrative activities are reported in the Operating Fund.

The Capital Fund reports the assets, liabilities, revenues and expenses related to the property and equipment.

### (b) Revenue recognition:

The Society follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for capital assets that will be amortized are initially deferred and subsequently recognized as revenue on the same basis as the related costs are amortized. Contributions for capital assets that will not be amortized, such as land, are not recorded as deferred capital contributions or recognized as revenue, but are recorded as a direct increase in net assets in the period the contribution is received.

Membership revenue is recognized on a proportionate basis over the term of the membership. Program revenue is recognized upon delivery of the program. Rental revenue is earned from other organizations who access the Society's facilities on a short-term basis. Amounts received for future services are deferred until the service is provided.



# PACIFIC INSTITUTE FOR SPORT EXCELLENCE SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2023

---

## 1. Significant accounting policies (continued):

### (b) Revenue recognition (continued):

Lease revenue includes rent earned from tenants under long term lease agreements, percentage rent and operating costs recoveries and other incidental income and is recognized as revenue over the term of the underlying leases. All rent steps in lease agreements are accounted for on a straight-line basis over the term of the respective leases.

Revenue from the sale of goods is recognized when the goods are delivered and the customer takes ownership and assumes risk of loss in accordance with customer contracts, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed or determinable.

### (c) Contributed materials and services:

Donated materials and services are recognized in the financial statements when a fair value can be reasonably established, the materials and services are used in the normal course of operations and would otherwise have been purchased.

### (d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Investments that are quoted in an active market are subsequently measured at fair value and all changes in the fair value are recognized in the statement of operations in the period incurred. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Society has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

# PACIFIC INSTITUTE FOR SPORT EXCELLENCE SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2023

---

## 1. Significant accounting policies (continued):

### (d) Financial instruments (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### (e) Inventory:

Inventories are valued at the lower of average cost and net realizable value.

### (f) Capital assets:

Capital assets are recorded at cost other than donated assets, which are recorded at their estimated fair market value upon receipt. Incremental interest incurred during the construction of capital assets is included in the cost of the asset.

The following assets are amortized on a straight-line basis over their estimated useful lives at the following annual rates:

Asset	Rate
Building	54 years
Building improvements	10-20 years
Furniture and equipment	10 years
Furniture and equipment under capital lease	5 years
Sports facilities - outside	10-20 years
Computer	3 years
Signage	10 years

---

# PACIFIC INSTITUTE FOR SPORT EXCELLENCE SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2023

## 1. Significant accounting policies (continued):

### (g) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Items subject to estimates include the amortization period of capital assets. Actual results could differ from those estimates.

## 2. Capital assets:

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
Building improvements	\$ 815,503	\$ 33,384	\$ 782,119	\$ 825,528
Furniture and equipment	1,106,762	765,329	341,433	139,220
Sports facilities - outside	2,525,459	755,747	1,769,712	1,845,559
Computer	91,187	83,190	7,997	9,219
Signage	29,870	29,870	-	-
Furniture and equipment under capital leases	-	-	-	1,578
Construction in progress	-	-	-	5,084
	4,568,781	1,667,520	2,901,261	2,826,188
Assets under long-term capital lease (note 10):				
Building	26,223,640	7,082,002	19,141,638	19,627,261
Furniture and equipment	1,135,279	1,135,279	-	-
Computer	116,607	116,607	-	-
	27,475,526	8,333,888	19,141,638	19,627,261
	\$ 32,044,307	\$ 10,001,408	\$ 22,042,899	\$ 22,453,449

# PACIFIC INSTITUTE FOR SPORT EXCELLENCE SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2023

---

### 3. Bank indebtedness:

The Society maintains a revolving line of credit with a financial institution which is due on demand, bears interest at 1% above the prime lending rate (2022 - 1% above the prime lending rate) and is secured by a general security agreement. The line of credit has a maximum balance of \$200,000. As at March 31, 2023, no amount has been drawn (2022 - nil).

### 4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$16,310 (2022 - \$14,499), which includes amounts payable for GST, payroll deductions and workers' compensation premiums.

### 5. Deferred contributions:

Deferred contributions are externally restricted funding to be utilized for various programs. These contributions have been deferred until the related expenses are incurred.

	2023	2022
Grants	\$ 110,569	\$ 112,061
Charitable donations	25,000	-
Sponsorships	22,393	21,740
	<u>\$ 157,962</u>	<u>\$ 133,801</u>

Deferred contributions include \$32,501 (2022 - \$29,535) which is held as restricted cash.

### 6. Loan payable:

The Society applied for and received the interest free loan under the Canada Emergency Business Account (CEBA) program for \$40,000. The loan was received May 5, 2020 and \$10,000 is forgivable if the loan is repaid by December 31, 2023. The forgivable portion of the loan of \$10,000 was recognized in revenue in 2021.

# PACIFIC INSTITUTE FOR SPORT EXCELLENCE SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2023

## 7. Grant revenue:

Grant revenue consists of funding from the following organizations:

	2023	2022
Via Sport	\$ 108,891	\$ 100,000
PacificSport Victoria	36,000	50,000
Foundations	38,305	51,905
Other	172,233	107,350
	<u>\$ 355,429</u>	<u>\$ 309,255</u>

## 8. Contributed materials and services:

During fiscal 2023, the Society recognized \$38,052 (2022 - \$3,295) of contributed services consisting of print and radio advertisement and donations in kind. These amounts are recognized within sponsorships revenue.

## 9. Deferred capital contributions:

Deferred capital contributions include unamortized portions of capital contributions and unspent contributions restricted for capital purposes. The changes for the year are as follows:

	2023	2022
Deferred capital contributions, beginning of year	\$ 22,367,891	\$ 23,000,336
Contribution for field, building and gym improvements	40,000	5,000
	<u>22,407,891</u>	<u>23,005,336</u>
Less amortization recognized as revenue	651,075	637,445
Deferred capital contributions, end of year	<u>\$ 21,756,816</u>	<u>\$ 22,367,891</u>

Unspent deferred capital contributions as at March 31, 2023 were \$nil (2022 \$191,976).

# PACIFIC INSTITUTE FOR SPORT EXCELLENCE SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2023

---

## 10. Related organization:

The Society's facilities, located at the Camosun College Interurban campus, were completed in September 2008 at which time the College signed a long term lease and license agreement with the Society under which the Society will operate the facility for a 25 year term with a 29 year extension option at an annual rent of \$1 per year. As it is anticipated that the Society will utilize the premises for the economic life of the building, the lease has been treated as a contribution of the facilities from Camosun College to the Society at its estimated fair market value of \$26,223,640. Furnishings within the facility, which include furniture and equipment and computer equipment, have been treated as a part of the lease and recorded at its estimated fair market value of \$1,251,886.

At the same time, the Society signed a long term sub lease with the College under similar terms under which the College will operate its sport education programs, recreation and athletics programs and applied research activities. The College has signed a two year addendum effective April 1, 2022 to their Sublease Agreement (expiring in 2033) for 21,575 square feet of dedicated space at an annual cost of \$709,397 in 2023, increasing to a total of \$727,049 in 2024. During fiscal 2023, the Society earned \$709,397 (2022 - \$668,840) in lease revenue from the College. In addition, the Society paid \$323,885 (2022 - \$323,885) in facility maintenance and security expenses to the College.

Under the current bylaws of the Society, Camosun College appoints two directors to the Society's board of directors.

## 11. Foundation endowment funds:

### (a) PISE Healthy Active Communities Fund:

In 2017, the Society transferred \$7,500 to the Victoria Foundation to create an endowment fund, the PISE Healthy Active Communities Fund, to be held and managed in perpetuity by the Victoria Foundation. These funds were matched by the Victoria Foundation. The fund market value as at March 31, 2023 is \$35,353 (2022 - \$16,940). Distributions received from the fund during the year totaled \$1,786 (2022 - \$640) and were awarded as bursaries.

### (b) PISE Sport and Physical Activity Award Fund:

In 2017, the PISE Sport and Physical Activity Award Fund was established at the Victoria Foundation and, in accordance with the provisions of the Victoria Foundation Act, the Fund is held permanently by the Victoria Foundation. The donors, Liz Ashton and Carl Eriksen, held this award fund with the Victoria Foundation since October 1, 2013 and once PISE became a charitable organization, they named the Society as the beneficiary of the fund, responsible for distributing proceeds of the fund to award recipients. The purpose of the fund is to help youth realize their dreams in sport through the Society. The award may be given to a high performance athlete or group.

# PACIFIC INSTITUTE FOR SPORT EXCELLENCE SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2023

---

## 11. Foundation endowment funds (continued):

### (b) PISE Sport and Physical Activity Award Fund (continued):

The market value of the fund as at March 31, 2023 was \$85,622 (2022 - \$38,319). Distributions received from the fund during the year totaled \$790 (2022 - \$1,440) and were awarded as bursaries. During the year, the Society made a \$10,000 contribution to the fund which has been recorded in general and administrative expenses.

## 12. Financial risks and concentration of credit risk:

### (a) Liquidity risk:

Liquidity risk is the risk that the Society will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Society manages its liquidity risk by monitoring its operating requirements. The Society prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

### (b) Interest rate risk:

The Society is charged a variable rate of interest on its bank indebtedness and accordingly is subject to interest rate risk.

### (c) Currency risk:

It is management's opinion that the Society is not exposed to significant foreign exchange risk.

### (d) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Society is exposed to credit risk with respect to the accounts receivable. The Society assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible.

There has been no change to the risk exposures from 2022.

## 13. Remuneration of directors, employees and contractors:

For the fiscal year ending March 31, 2023, the Society paid total remuneration of \$282,762 to two employees (2022 - \$192,807 to one employee) who received total annual remuneration of \$75,000 or greater. No remuneration was paid to any Director and no remuneration of \$75,000 or greater was paid to any contractor in 2023 or 2022.